



## Defra Group Management Consultancy Framework: Project Engagement Letter

Completed forms and any queries should be directed to Defra Group Commercial at

[REDACTED]

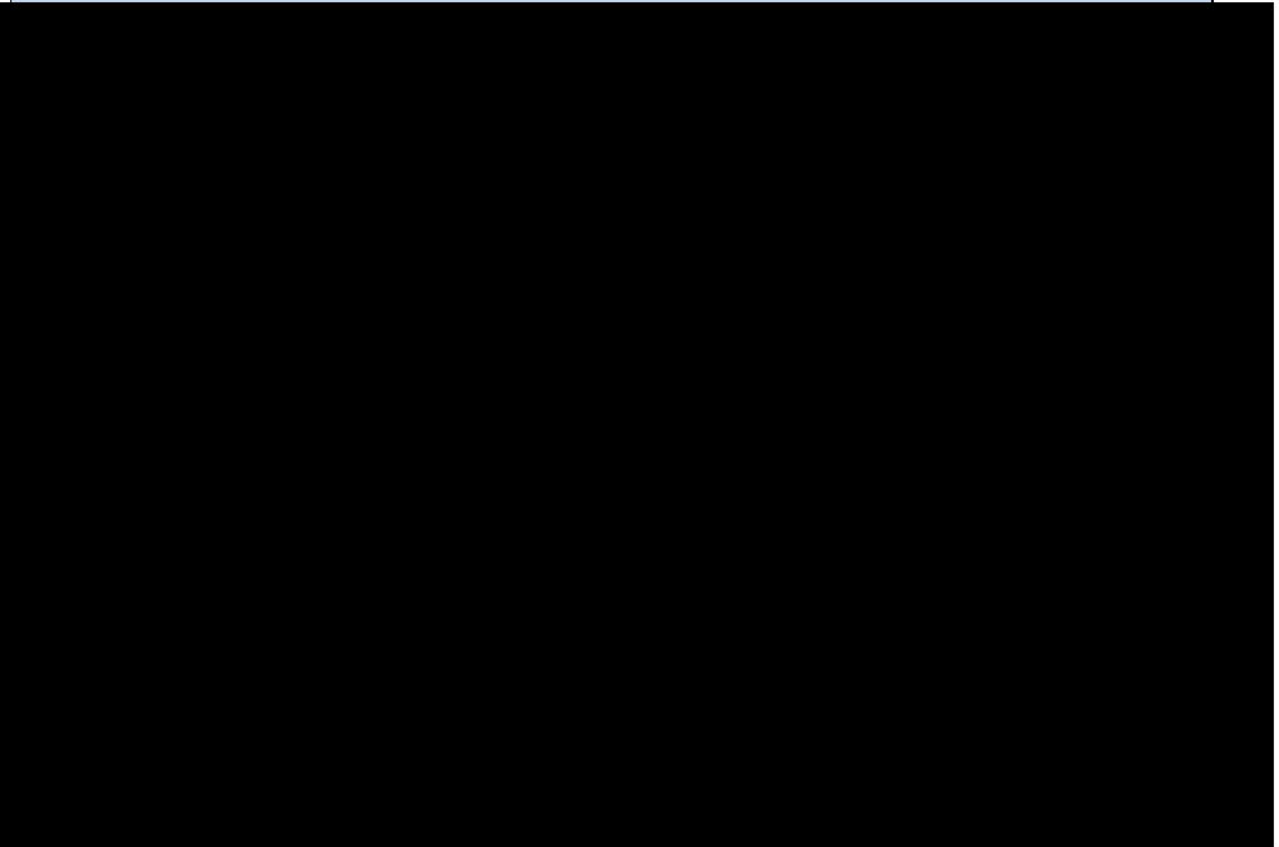
Engagement details			
Engagement ref #	DPEL_61538_006		
Extension?	N	DPEL Ref.	N/A
Business Area	Environment Agency - Director, Incident Management and Resilience		
Programme / Project	Incident Management Discovery and Improvement Planning		
Senior Responsible Officer	[REDACTED]		
Supplier	KPMG LLP		
Title	Incident Response capability uplift – discovery and implementation planning		
Short description	Equip the Directors of Incident Management and Resilience and Regulated Industry with an independent, evidence-based set of findings and recommendations to enable defensible decisions to be made regarding: i) immediate risk exposures to be prioritised for mitigation; ii) capability building actions to be initiated; and iii) any organisational / structural changes required.		
Engagement start / end date	1 <sup>st</sup> December 2022		28 <sup>th</sup> February 2023
Funding source (CDEL/RDEL)	RDEL		
Consultancy Spend approval reference	[REDACTED]		
Expected costs 22/23	£443,330		
Expected costs 23/24	£0		
Expected costs 24/25	£0		
Dept. PO reference			
Lot #	1		
Version #	1		



### Approval of Project Engagement Letter

By signing and returning this cover note, Environment Agency- Chief Operating Officer, Planning, Performance and Strategy accepts the contents of this Project Engagement Letter as being the services required and agrees for KPMG to provide the services in accordance with the agreed Supplier Proposal under the overarching contract (Lot 1 - Ref 28595), with Defra Group and confirms the availability of funding to support recharge for the services.

### Signatures



Supplier contact: [REDACTED]

Business Area contact: [REDACTED]



## General Instructions

The Engagement Letter describes the services required and provided. When completing the Engagement Letter establish the context, explain why external support is required and distinguish between the objectives, outcomes, scope and deliverables. The rationale behind the costs should be made evident in the Fees section.

*The Business Area considerations* are guidance notes for the customer to support their evaluation of the Engagement Letter.

## 1. Background

[Redacted content]

## 2. Statement of services

## Objectives and outcomes to be achieved

State and describe the aims of the engagement:

Target outcomes:

We require KPMG to provide a report to equip the Directors of Incident Management and Resilience and Regulated Industry with an independent, evidence-based set of findings and recommendations to enable defensible decisions to be made regarding: i) immediate risk exposures to be prioritised for mitigation; ii) capability building actions to be initiated; and iii) any organisational / structural changes required.

Objectives:

- 1) Develop a transferable process for assessing national-level incident response capabilities that can be re-used by EA to measure improvement over time.
- 2) Run 1-2 national stress-test simulations to assess EA's current capabilities and processes using KPMG's incident management and response framework and referencing relevant external good practice.
- 3) Based on the simulations and associated analysis, develop a detailed evidence base of the current issues with quantified impact and risk exposures.
- 4) Provide a prioritised list of issues for remediation.
- 5) Develop a set of recommended interventions to remediate the priority issues; for each intervention define objectives, scope, activities, indicative benefits, dependencies, and costs.
- 6) Develop a high-level roadmap for implementation, defining the recommended sequencing of priority interventions.
- 7) Conduct knowledge transfer to EA staff with respect to the approach and methodologies used to execute objectives 1-6 above, including the IM&R Assurance Team and Environmental Incident Management Team.
- 8) Identify the required capacity to implement improved capability and preparedness for major environmental incidents via delivery of emergency plans, training and exercising.

Success factors:

- Execute the project via a joint team approach with EA's incident response and resilience team so that all findings and recommendations are co-developed and owned fully by EA.
- Build on all assurance findings developed to date, and actively harness existing information including but not limited to organisational learning, post-incident analysis, and risk assessments.
- Build active engagement with the relevant Executive Directors, Directors of Operations, and the 14 areas from the outset of the projects so that their views and ideas are incorporated into the findings and recommendations.
- Develop and test hypotheses with Incident Management and Resilience and Regulated Industries leadership teams early in the process to test acceptance and feasibility.

## Scope

The proposed approach for this engagement is to deliver a 12-week project via the following phases:

- **Phase 1:** Scoping and Planning
- **Phase 2:** As-Is Analysis
- **Phase 3:** Improvement Planning, Structural Options & Prioritisation
- **Phase 4:** Operational Implementation Plan

### Phase 1: Scoping and Planning

Inputs:

- Existing internal assurance analysis and findings including EIM Assurance Exercise and Internal Audit of Area Incident Team Implementation.
- Stakeholder analysis, nationally and regionally and multi-agency.
- EA direction on governance and decision-making requirements.
- EA direction on communication strategy and requirements.

#### Activities:

- Develop detailed delivery plan.
- Desk-based review of existing analysis, reports, and available quantitative data points e.g. demand data.
- Develop communications plan and stakeholder engagement plan.
- Agree simulation scenarios with EA team, using KPMG's framework to define scope and assessment criteria.
- Agree simulation exercise objectives, logistics and participation and conduct a dry-run with a subset of participants.
- Develop briefing materials for all participants and conduct verbal briefings as required.

#### Outputs:

- Detailed execution plan.
- EA stakeholders and RACI matrix defined (**R**esponsible, **A**ccountable, **C**onsulted, **I**nformed).
- Critical stakeholders briefed on requirements and aims of engagement.
- Development of as-is model and analysis framework (transferable artefact).
- Detailed simulation specification document for each simulation.

#### Scope:

- Communications will be national-level and consumable by all areas without tailoring.

### Phase 2: As-Is Analysis

#### Inputs:

- Simulation specification modelled in 4Di and agreed with EA.
- Detailed execution plan.
- Feedback from any initial consultation.
- Findings from desk-based review.
- Current Operating Model for EA incident management

#### Activities:

- Document a high-level view of EA's current incident management structures, governance, core processes and interfaces with other agencies
- Deliver simulation exercises across EA under comparable conditions, using 4Di for bulk data collection.
- Perform data analysis across all EA regions using KPMG Incident Management Framework; conduct interviews and workshops to supplement analysis gained from the 4Di platform.
- Develop report outlining long list of issues and prioritised remediation actions.
- Benchmark EA maturity against comparable organisations, e.g. Network Rail and Health Security Agency (to be validated with Cabinet Office).

#### Outputs:

- Blueprint of current structures.
- Detailed findings report.
- Bulk data output collected during the simulation exercises.

#### Scope:

- 1-2 simulations will be delivered based on the lead time for preparation and the level of logistical coordination across the 14 areas.
- Up to 50 participants per simulation. Each simulation will be no longer than 5 hours.
- The findings report will be in MS PowerPoint format.
- The level of detail provided will be approximately 1-2 slides per issue in the structure: 'issue', 'evidence', 'impact'. Selected data points will be included in the evidence sections with additional evidence provided in an appendix.
- The impact section will draw on **existing** datapoints from the EA resilience team regarding the consequences of specific events and will not comprise additional impact modelling.
- Benchmark data will be provided at an aggregate level; given the scarcity of benchmark data we assume that data will not be mapped to KPMG's framework or presented at the granularity of the identified issues in EA.
- Scope will include analysis of the current technology tooling used by EA.

- As-Is analysis of the current structures will be light-touch i.e. under 5 slides.

### Phase 3: Improvement Planning, Structural Options & Prioritisation

#### Inputs:

- Bulk data output from 4Di for data driven insights.
- Detailed findings report.

#### Activities:

- Validate identified issues and impacts.
- Map issues against the current structural model, and identify options to improve current capabilities and address the current issues
- Design interventions to remediate identified and prioritised issues and structural options.
- Consult extensively with EA stakeholders regarding the interventions to assess buy-in, level of priority and feasibility.
- Prioritise interventions and define the delivery roadmap outlining proposed sequencing and identify inter-dependencies.
- Finalise benchmarking of good practice from other sectors (to support the recommendations).
- Conduct pre-briefing with senior EA stakeholders and decision-makers.
- Based on the findings, define high level strategic requirements for EA incident response tooling and automation.

#### Outputs:

- EA Incident Response Recommendations report.

#### Scope:

- The Recommendations report will be in MS PowerPoint format.
- The level of detail provided will be approximately 1-2 slides per intervention defining the intervention objectives, scope, activities, indicative benefits, dependencies, and costs. We assume a maximum of ten interventions covering both strategic and tactical interventions.
- Strategic requirements for incident response tooling and automation will be approximately 2-3 slides and will not provide detailed functional and non-functional requirements.

### Phase 4 – Operational Implementation Plan

#### Inputs:

- Phase 3 Improvement outputs

#### Activities:

- Develop the critical delivery path / sequence for prioritised interventions.
- Develop delivery plan for implementation.
- Identify required capacity to implement, defining both internal and external resource requirements
- Develop ROM (**R**ough **O**rders of **M**agnitude) costing.
- Identify implementation dependencies and mitigations.

#### Outputs:

- Operational Improvement Plan.

#### Scope:

- The output will be in MS PowerPoint format and be between 5-10 slides.
- Capacity will be based on FTE requirements and high-level skills / experience requirements.
- ROM costing will be based on approximate effort and duration for implementation and based on EA 'ready reckoners' for internal staff costs and external supplier costs.

### Assumptions and dependencies

Provide further description of the assumptions and dependencies:

#### Dependencies:

- Access to EA staff at Executive and operational levels, both nationally and in Areas to plan and execute the simulations effectively and to validate findings and recommendations





- EA capacity to execute 1-2 simulations within the first 4-6 weeks of the project, this is a critical dependency as the simulations provide a significant source of the evidence and data for the analysis of the current state. This will require input from IM&R, Environment & Business and Area Teams.
- Use of Area representatives to streamline engagement with all 14 areas recognising the logistical and capacity constraints of achieving direct interaction with all areas on an individual basis.
- Access to suitable organisations for benchmarking purposes given that proven good practice may not be widespread.

## Risk management

Provide further details of any foreseen risks with this project and how they could be mitigated:

- Risk that KPMG are not able to access EA staff at Executive and operational levels, both nationally and in Areas to plan and execute the simulations effectively and to validate findings and recommendations. **Mitigation** – agree consultation requirements during mobilisation and seek sponsorship from the SRO.
- Risk of insufficient EA capacity to execute 1-2 simulations within the first 4-6 weeks of the project, this is a critical dependency as the simulations provide a significant source of the evidence and data for the analysis of the current state. This will require input from IM&R, Environment & Business and Area Teams. **Mitigation** – commence planning immediately and secure dates and representation for the simulation events; identify delegates to provide support where required.

## Deliverables

Describe what the supplier will produce:

The deliverables are as follows and will be constructed using the outputs defined in the scope section above:

- EA Incident Response as-is analysis – [REDACTED]
- EA Incident Response Recommendations report – [REDACTED]
- Operational Implementation Plan – [REDACTED]


Deliverable	Success Criteria	Milestone / Date	Owner (who in the delivery team?)
<b>EA Incident Response as-is analysis</b>			
<ul style="list-style-type: none"> <li>- Documented high-level view of EA's current incident management structures, governance, core processes and interfaces with other agencies</li> <li>- Analysis of EA IR capability using KPMG Incident Management Framework and data output from the 4Di platform.</li> </ul>	<ul style="list-style-type: none"> <li>- Access to EA staff at Executive and operational levels, including Area representatives.</li> <li>- Co-development of communication deliverables to actively engage requisite areas of the business and successfully penetrate all EA Areas.</li> <li>- Effective engagement across public sector for benchmarking activity. We</li> </ul>	30 January 2023	[REDACTED]



Deliverable	Success Criteria	Milestone / Date	Owner (who in the delivery team?)
<ul style="list-style-type: none"> <li>- Identified issues, causation and impacts, supported by validated evidence.</li> <li>- Benchmarked EA maturity against comparable organisations, e.g. Network Rail and Health Security Agency (to be validated with Cabinet Office).</li> </ul>	will leverage our relationships with Cabinet Office to this end.		
<b>EA Incident Response Recommendations report</b>			
<ul style="list-style-type: none"> <li>- The Recommendations report will be in MS PowerPoint format.</li> <li>- The level of detail provided will be approximately 1-2 slides per intervention defining the intervention objectives, scope, activities, indicative benefits, dependencies, and costs. We assume a maximum of ten interventions covering both strategic and tactical interventions.</li> <li>- Strategic requirements for incident response tooling and automation will be approximately 2-3 slides and will not provide detailed functional and non-functional requirements.</li> </ul>	<ul style="list-style-type: none"> <li>- Build on all assurance findings developed to date, and actively harness existing information including but not limited to organisational learning, post-incident analysis, and risk assessments.</li> <li>- Build active engagement with the relevant Executive Directors, Directors of Operations, and the 14 areas from the outset of the projects so that their views and ideas are incorporated into the findings and recommendations.</li> </ul>	28 <sup>th</sup> Feb 2023	
<b>Operational Implementation Plan</b>			
<ul style="list-style-type: none"> <li>- The output will be in MS PowerPoint format and be between 5-10 slides.</li> <li>- Capacity will be based on FTE requirements and high-level skills / experience requirements</li> <li>- ROM costing will be based on approximate effort and duration for implementation and based on EA 'ready reckoners' for internal staff costs and external supplier costs</li> </ul>	<ul style="list-style-type: none"> <li>- Develop and test hypotheses with Incident Management and Resilience and Regulated Industries leadership teams early in the process to test acceptance and feasibility.</li> <li>- Co-develop the implementation options with the Incident Management &amp; Resilience leadership team, harnessing existing and in-house capacity and capability where possible</li> </ul>	28 <sup>th</sup> Feb 2023	
<b>Internal Capability Development Outcomes</b>			
Skills transfer to in-house team regarding the approach, methodology and use of templates. Note the software to run simulations will not be	In-house team feels equipped to re-run the discovery phase to assess capability uplift following delivery of implementation activities.	28 <sup>th</sup> February 2023	





Deliverable	Success Criteria	Milestone / Date	Owner (who in the delivery team?)
included in the skills transfer activities.			
<b>Social Value Outcomes</b>			
<p>We will run a free three-hour interactive workshop for up to 20 of your people in our 'Ignition Centre' to share our latest perspectives on fighting climate change. This will include how we're updating our Powered Enterprise assets to incorporate the new processes needed within leading practice functions. For example:</p> <ul style="list-style-type: none"> <li>- Finance   Upgrading reporting and integrating greenhouse gas emissions software into the ERP to quantify the cost of emissions and natural assets</li> <li>- HR   Enhancing the recruitment process and enabling people to work remotely to minimise travel.</li> <li>- Commercial   Buying sustainably and measuring and reducing scope 3 emissions in line with governments targets.</li> </ul> <p>Typical cost: £20,000</p>	EA's In-house team can use this session to validate and test how their existing back and middle office processes are supporting HMG policy on fighting climate change.	28 <sup>th</sup> February 2023	

### Limitations on scope and change control

Unless instructions to the Supplier are later amended in writing, the work undertaken will be restricted to that set out above. In providing the services detailed above, the Supplier will be acting in reliance on information provided by the Business Area.

The Project Engagement Letter is the agreed contract of work between the Defra Group Business Area and the Supplier and can be varied under the change control process. Any changes to timescales, scope and costs will require approval by DgC.

### 3. Delivery team

The table below provides details of the core delivery team. However, we may draw upon additional KPMG staff to support the engagement as and when required.

Name	Role (link to stage/s resource will work on)	Grade	Daily rate	Estimated # of days	Estimated Cost
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Department  
for Environment  
Food & Rural Affairs

Name	Role (link to stage/s resource will work on)	Grade	Daily rate	Estimate d # of days	Estimated Cost
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**Total resource**

**Total days\*  
Engagement Length\*\***

\*Total days worked across all resources

\*\*Total working days in engagement

#### Business Area's team

EA Grade 7

## 4. Fees

Defra Group will reimburse the Supplier for approved work done according to the table below. The total fixed price for the scope of work detailed in this Engagement Letter will be up to £443,330, inclusive of expenses and excluding VAT.

#### *Business Area considerations:*

- Are the costs and fees appropriate (costs linked to deliverables, rates and drive value for money)?

#### Expenses statement

Defra Group overarching contract rates include expenses for any travel to/from any UK location defined by the Business Area as the base office for the work. Only expenses for travel at the Business Area's request from this base can be charged. If appropriate, define permissible expenses to be charged.

#### Payment

The Supplier should invoice fees monthly in arrears. Defra Group will reimburse fees monthly on confirmation of approval of work delivered by the Business Area. The Supplier will keep an accurate



record of time spent by staff in providing the services and provide this information and supporting narrative, if requested.

## 5. Governance and reporting

As part of the Call-Off Contract, the Supplier and Business Area agree to provide reporting on the following:

- Completion of the time tracker monthly, to track days worked by our consultants;
- Weekly check-ins on progress

### Key Performance Indicators

KPI	KPI Requirement	Description	Reporting Frequency	Who Measures	Method of Measurement	Performance Target
1	On time	The document is delivered within 14 weeks from the engagement starting	Weekly	Project Board	Time of document submission	Fourteen weeks
2	On budget	The engagement is achieved within budget	Weekly	KPMG	Invoice	£443,330, inclusive of expenses and excluding VAT

### Feedback and satisfaction

Business Area and Supplier to agree regular reporting intervals for the duration of the engagement.

Defra Group reserves the right to hold review meetings during the assignment, discussing what went well, opportunities for improvement on future assignments and similar. This will incorporate any 'Show and Tell' documentation or transferable products that have been produced.

A post-engagement quality review of the engagement will be arranged where the Business Area rates the services provided.

### Non-disclosure agreements

The overarching MCF2 framework includes NDAs.

## 6. Exit management

The agreed actions and deliverables by the Supplier for when the contract ends are as follows:

Describe what the supplier will produce upon existing the project engagement:  
Handover the report and provide all supporting evidence with explanatory notes and assumptions.

### Notice period

The nature of these engagements require that Defra Group have the ability to terminate an engagement with notice. Defra Group's termination rights for this engagement are marked below.





The minimum notice period for termination is 5 working days regardless of engagement duration.

1. Business Area identifies a potential need for delivery support, initiates a conversation with DgC, confirms which approvals are required for an engagement to occur, e.g. Consultancy Governance Board if over £100k or DgC Corporate Services Delivery Board if under £100k.
2. Request Form completed by Business Area and submitted to DgC at:  
[consultancy2@defra.gov.uk](mailto:consultancy2@defra.gov.uk)
3. The form is reviewed by the DgC team around which resource route is most appropriate (e.g. Lots 1/2/3) and may request additional information/edits from the Business Area if required.
4. Lot / Supplier is selected and briefed on the request by DgC, then introduced to the requesting Business Area for further discussion and confirmation of work to be delivered
5. A Project Engagement Letter is completed by the Business Area with input from the Supplier (with supporting proposals as appropriate) and then finally agreed between the two parties, including evidence of all required approvals either being in place or being progressed (e.g. PO) and forwarded to the DgC for review by the Consultancy Governance Board (CGB). Approval states are:

Approval state	Definition	Permissions
Full approval	<ul style="list-style-type: none"> <li>▪ DPEL agreed</li> <li>▪ DPEL signed: Supplier, Dept and CO</li> <li>▪ Purchase Order number</li> </ul>	<ul style="list-style-type: none"> <li>▪ Work can start</li> <li>▪ Supplier can invoice for work</li> </ul>



